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Medicare Bill Squeezes Through House at Dawn

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The House, in a prolonged, pre-dawn vote that infuriated Democrats, approved a \$400 billion bill yesterday to restructure Medicare and add a prescription drug benefit, sending it to the Senate for final action this week.

The 220 to 215 vote came after Republican leaders squelched an intraparty revolt by conservatives during an extraordinary three-hour roll call, finally picking up enough votes to avert a politically damaging defeat and hand President Bush a dramatic legislative victory.

Within hours, the Senate began at least three days of debate on the measure, which appeared to be gaining support among Democrats as well as Republicans. The bill's Senate backers said they believed they had the votes to prevail, despite a promised filibuster that would require 60 votes to end.

The bill would prompt the biggest single change in Medicare, which covers 40 million elderly and disabled Americans, since its creation in 1965 -- including the first-ever federal payments for outpatient drug costs. It would subsidize employers that provide drug benefits to retirees, steer more federal money to rural doctors and hospitals, allow some Americans to create tax-sheltered savings accounts for medical expenses and create experiments in six metropolitan areas for private health plans to begin direct price competition for patients with the traditional Medicare program.

The bill created rifts in both parties, with advocates saying it would expand Medicare and put it on a firmer financial footing, and with foes saying the private-sector incentives went either too far or not far enough. Liberals said the drug benefit was too skimpy, while conservatives contended it was too costly, especially without broader cost-containment and competition provisions.

Senate Majority Leader Bill Frist (R-Tenn.) scheduled a rare Sunday session for debate on the measure and an initial showdown vote for Monday. He said he expects a strong bipartisan vote for the bill, which would contrast sharply with the House's largely partisan dispute. "Those who would support a cruel filibuster of this bill would hold our parents and grandparents -- 40 million American seniors -- hostage to Washington's politics," Frist said.

But Senate opponents, including some Republicans and most Democrats, promised a major fight. Sen. Edward M. Kennedy (D-Mass.), who pushed for years for a drug benefit but opposed the bill as a threat to Medicare in its current form, told reporters yesterday he would lead a filibuster against the legislation, although he knew it would be an "uphill battle." Sen. John F. Kerry (D-Mass.) said he would return from the presidential campaign to help lead the fight the bill, calling it a "boondoggle for the pharmaceutical industry."

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Kennedy said the House vote was "rigged" and accused Republicans of trying to "jam" the Senate by seeking a quick vote before the scheduled adjournment. He suggested that the House tactics could ignite a Senate backlash.

Kennedy cannot count on support from all Democrats, however. Minority Leader Thomas A. Daschle (D-S.D.), faced with a caucus sharply divided over the Medicare bill, has said he will not support a filibuster, though he opposes the bill. At least eight Democratic senators are on record as planning to vote for the bill, and others are wavering. Republican backers of the bill face defections of their own, but not as many.

The contentious House vote came as Congress struggled to wrap up work for the year. Lawmakers must settle two other matters: a huge energy bill and a spending bill of nearly \$390 billion to fund many federal programs for the rest of the fiscal year.

Foes of a House-passed energy measure blocked it from reaching a Senate vote Friday, and Republicans scrambled yesterday -- apparently without immediate success -- to round up the two votes needed to end debate and force a final vote. Lawmakers failed to resolve the spending bill in time to meet the House's plan to leave town after the Medicare vote. As a result, the House planned to return in early December to act on the spending measure.

The Medicare bill reflects a compromise forged in four months of contentious negotiations, which totally satisfied neither side in what was often an ideological war over the roles of government and private enterprise in health care.

The prescription drug program would be voluntary, allowing Medicare recipients to obtain federally subsidized coverage for a substantial amount -- but not all -- of their drug costs, starting in 2006. People could buy a separate insurance policy for drugs or join a private plan that would cover drug as well as other health costs.

In the meantime, starting this spring, Medicare patients could obtain drug discount cards provided by private companies. Advocates say the cards could trim prices by about 15 percent.

To qualify for the prescription drug benefit, patients would pay a premium averaging \$35 a month, plus a \$250 annual deductible. The government would then pay 75 percent of a person's drug costs, to as much as \$2,250 a year. Coverage would end there unless someone's out-of-pocket costs exceed \$3,600 a year. The government would pay 95 percent of these "catastrophic" drug costs. The bill provides extra subsidies to eliminate or reduce premiums and other costs faced by low-income beneficiaries.

Supporters say the benefits would cover most drug costs, while foes say seniors would still have to choose between medicine and food.

More controversial provisions would provide subsidies to private plans to compete with traditional, fee-for-service Medicare system, and conduct an experiment under which the current Medicare program would face direct price competition with private health plans. The pilot project, to be conducted over six years in six metropolitan areas, starting in 2010, drew fire from the left and right. Democrats said it would undermine, and could eventually destroy, traditional Medicare. Republican conservatives argued for a bolder approach that would provide permanent and nationwide competition.

Also for the first time, the bill would require wealthier Medicare patients to pay more for doctors visits and other outpatient care, which Republican supporters describe as fair and cost-efficient but which

some Democrats regard as a dangerous departure from Medicare's original vision of coverage for all on an equal basis.

The bill would establish new tax-preferred health savings accounts aimed at people of all ages with high-deductible insurance policies. That is a long-sought goal of Republican conservatives but anathema to many Democrats, who regard it as a favor for the affluent.

Eager to sign the legislation and take it as a trophy on the 2004 campaign trail, Bush, who lobbied about a dozen skeptical House members by telephone throughout the night, praised the House for its "historic" action and urged the Senate to follow suit. "In the nearly 40 years since Medicare was launched, this is the most significant opportunity for any Congress to improve health coverage for our seniors," Bush said in his weekly radio address.

In a series of speeches on the opening day of Senate debate, Democrats denounced the legislation, calling it a "witches' brew" of dangerous concoctions and a "Trojan horse" to undermine Medicare itself.

"This legislation takes the first step toward undermining the health care system that has benefited millions of retirees," Sen. Robert C. Byrd (D-W.Va.) said.

At a news conference, Kennedy said the legislation would have been beaten in a fair vote in the House. "Give this bill a fair vote in the House, and I'll drop my filibuster in the Senate," he said.

In the House vote, 16 Democrats -- many of whom waited until the bill seemed likely to pass before casting their votes -- joined 204 Republicans in supporting the legislation. Voting against it were 189 Democrats, 25 Republicans and one independent.

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